



AFFORDABLE CARE ACT MASSACHUSETTS IMPLEMENTATION UPDATE

July 8, 2011

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These Updates, published by the Executive Office of Health and Human Services (EOHHS) in consultation with the other state agencies involved in ACA implementation, will bring you news related to the implementation of provisions of the ACA here in Massachusetts.

Grants and Demonstrations

The ACA provides funding opportunities to transform how health care is delivered, expand access to care and support healthcare workforce training.

Grant Announcements

Treatment of Certain Complex Diagnostic Laboratory Tests Demonstration, §3113. Announced July 5, 2011. Demonstration allows a separate payment to laboratories performing certain complex laboratory tests billed with a date of service that would under standard Medicare rules be bundled into the payment to the hospital or critical access hospital (CAH). Eligible organizations include laboratories that perform a complex diagnostic laboratory test with respect to a specimen collected from an individual during a period in which the individual is a patient of a hospital or CAH if the test is performed after such period of hospitalization and if Medicare would not otherwise have made a separate payment to the laboratory for that test. A Report to Congress that includes an assessment of the impact of the Demonstration on access to care, quality of care, health outcomes, and expenditures is required. The Demonstration period is limited to 2 years subject to a \$100 million total payment limit. Payment under the Demonstration begins January 1, 2012. Thereafter, payment for these tests will be made under the existing non-demonstration process. Supporting information to request a temporary code under the Demonstration is due to CMS on or before **August 1, 2011**. The Demonstration was announced in a Federal Register notice on July 5, 2011. Read the notice at: <http://www.gpo.gov/fdsys/pkg/FR-2011-07-05/pdf/2011-16721.pdf>
Information from CMS including a fact sheet can be found at: <http://www.cms.gov/DemoProjectsEvalRpts/MD/itemdetail.asp?itemID=CMS1240611>

Grant Activity

7/1/11 DPH submitted an application to the Health Resources and Services Administration (HRSA) for additional funding under the **Maternal, Infant, and Early Childhood Home Visiting Program**, §2951 of the ACA. Funding is available to states to enhance home visiting efforts. Expansion grants will fund states that have made significant progress toward high-quality home visiting programs to either enhance one or more of the priority elements of the program or initiate the statewide expansion of one priority element currently operating at the local or regional level. Development grants provide funding to states with modest home visiting programs to build on their work so far. \$66 million is available for 7-10 awards to states for Expansion grants and \$33 million is available for 10-12 awards to states for Development grants.

DPH applied in order to expand current home visiting programs. With Formula Grant funding, the state was able to implement evidence-based home visiting programs in five communities. The Expansion Grant will allow expansion and enhancements to the remaining 12 communities, providing all 17 of the identified communities with increased services.

The grant narrative can be read on our website under the Grants and Demonstrations section at: [MassGov](#)

Guidance

7/8/11 CMS filed an ACA-related proposed rule regarding **changes to the end-stage renal disease Medicare prospective payment system for 2012**, including portions of §3401 of the ACA. Comments are due on August 30, 2011.

Read the rule at: <http://www.gpo.gov/fdsys/pkg/FR-2011-07-08/pdf/2011-16874.pdf>

7/8/11 CMS issued an interim final rule, **Administrative Simplification: Adoption of Operating Rules for Eligibility for a Health Plan and Health Care Claim Status Transactions**. The rule, which implements part of §1104 of the ACA, establishes new requirements for electronic administrative transactions that simplify existing Health Insurance Portability and Accountability Act of 1996 (HIPAA) transactions by creating uniform operating rules for use by health plans and providers. The rule puts in place beginning 2013 operating rules for two electronic health care transactions, making it easier for providers to determine: Whether a patient is eligible for coverage and the status of a health care claim submitted to a health insurer. HHS estimates that implementation of the rules will save \$12 billion over ten years.

Comments on the interim final rule are due September 6, 2011.

Read the press release at: <http://www.hhs.gov/news/press/2011pres/06/20110630a.html>

Read the Federal Register notice at: <http://www.gpo.gov/fdsys/pkg/FR-2011-07-08/pdf/2011-16834.pdf>

Read the blog post by HHS Secretary Sebelius at:

<http://www.healthcare.gov/news/blog/simplification06302011.html>

Prior guidance can be viewed at: www.healthcare.gov.

News

7/6/11 The Center for American Progress and the Small Business Majority released a **report recommending the ways states should be preparing for the Small Business Health Options Program, known as the SHOP exchange**. The ACA requires states to create health insurance exchanges by January 1, 2014; otherwise the federal government will create

and run a state's exchange. States can also choose to combine the individual and small business or SHOP exchanges. The report provides a roadmap for states, policymakers and business leaders seeking to implement a SHOP exchange and includes an examination of the issues facing small businesses and how the SHOP exchange can help.

Read the report at: http://www.americanprogress.org/issues/2011/07/pdf/shop_exchange.pdf

7/1/11 CMS issued a **report indicating whether a federal or state process will be used to review proposed insurance rate increases in the states and territories**. In the final rate review regulation, finalized on May 19, 2011, which implemented portions of §1003 of the ACA, CMS noted that by July 1, 2011 the agency expected to determine which states will be able to conduct their own rate reviews and which states will need to work with the federal government to conduct rate reviews. After reviewing available documentation to determine if a state met the standards set out in the May 19, 2011 regulations, CMS determined that both the individual and small-group markets in Massachusetts meet those standards and that the Commonwealth does have an effective rate review process.

CMS also determined that: 1) 43 states, the District of Columbia and 1 U.S. territory have effective rate review in at least one insurance market; 2) 40 states, the District of Columbia and the U.S. Virgin Islands have effective review for all insurance markets and issuers; 3) In three states, the federal government will partner with the state to conduct reviews; and 4) The federal government will conduct review in seven states and four U.S. territories until those areas are able to strengthen their review processes and authorities. CMS will continue to offer resources and assistance to states and territories to help strengthen their review processes.

Read more including the full list of state determinations at:

http://cciio.cms.gov/resources/factsheets/rate_review_fact_sheet.html

Read the final rate review issued on May 19, 2011 at: <http://www.gpo.gov/fdsys/pkg/FR-2011-05-23/pdf/2011-12631.pdf>

Read more about ACA initiatives to fight premium increases including the rate review process at: http://www.healthcare.gov/news/factsheets/ratereview05192011a.html#_ftn1

7/1/11 Vicki Gottlich left her post as the senior policy attorney at the Center for Medicare Advocacy to take a job at the **Office of Enforcement at the Center for Consumer Information and Insurance Oversight (CCIIO)**, the branch of CMS that oversees implementation of health insurance reforms. Friday, July 1, was her last day at the advocacy group.

6/30/11 Erin Shields is leaving her position as press secretary to the Senate Finance Committee to become **director of Communications for Health Care in the Office of the Assistant Secretary for Public Affairs at the Department of Health and Human Services**. For five years Shields has worked on the staff of the committee, including throughout debate and passage of the ACA.

6/30/11 A task force of the **National Association of Insurance Commissioners (NAIC)** endorsed bipartisan legislation in the House that would exclude broker and agent commissions from the ACA's medical loss ratio (MLR) calculation. The MLR provision only allows insurance companies to spend 15 or 20% of their revenues on profit and administrative cost. Brokers want an exemption from the MLR because they're concerned insurers will cut commissions in order to release money for other uses. The National Association of Health Underwriters (NAHU), which represents agents and brokers, has been working to change this through legislative action and found support with Rep. Mike Rogers (R-MI) who has introduced a bill introduced that would exempt those commissions. Consumer representatives to the NAIC argue that since the state commissioners' study on the regulations was inconclusive, there is no evidence that consumers are being hurt by the current MLR regulations, that rebates would be cut significantly if the legislation passes, and urged the full NAIC to reject the task force's recommendation. Introduced in March, the Rogers bill has not

yet been scheduled for a committee markup, and observers have said action may be closely tied to NAIC backing. The voice vote by the NAIC Professional Health Insurance Advisor's Task Force sends the recommendation up to the NAIC Executive Committee. During a conference call, the task force reviewed a report on options for amending the Medical Loss Ratio formula to address concerns about access to agent and broker services from the Health Insurance and Managed Care (B) Committee.

Read the report at: [NAIC](#)

EOHHS News

6/28/11 EOHHS held an **open meeting on the MassHealth Demonstration to Integrate Medicare and Medicaid for Dual Eligible Individuals**. At the meeting the EOHHS team presented an overview of the project and themes drawn from responses to the RFI issued in March. Stakeholders participated in a robust question and answer session focused on Program Design and Care Delivery, Program Sustainability, and Aligning Medicare and Medicaid.

View the meeting materials at: [MassGov](#)

Upcoming Events

Consumer focused Meeting

Integrating Medicare and Medicaid for Dual Eligible Individuals

July 21, 2011, 10am -12pm

1 Ashburton Place, 11th floor, Matta Conference Room

Boston, MA

Integrating Medicare and Medicaid for Dual Eligible Individuals

August 31, 2011, 10 am- 12pm

Saxe Room, Worcester Public Library

Worcester, MA

Remember to visit the **Massachusetts National Health Care Reform website**

at: www.mass.gov/nationalhealthreform for periodic updates.

Don't forget to check <http://mass.gov/masshealth/duals> for updates on the new **"Integrating Medicare and Medicaid for Dual Eligible Individuals"** initiative.